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REPORT OF THE PROGRAMME AND BUDGET COMMITTEE ON THE WORK OF ITS SEVENTH SESSION

Addendum

Resumed seventh session of 27 June 1991

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Introduction

1. The Programme and Budget Committee resumed its seventh session at UNIDO Headquarters, Vienna International Centre, on 27 June 1991 under the chairmanship of A. A. Kherbi (Algeria).

2. In accordance with its conclusion 1991/6, paragraph (e), the Committee resumed consideration of item 10 of the agenda of its seventh session, i.e. programme and budgets, 1992-1993.

3. All 27 members of the Committee participated in the resumed session:

Algeria, Bolivia, Brazil, Colombia, Czechoslovakia, France, Germany, Greece, India, Iraq, Italy, Japan, Kenya, Libyan Arab Jamahiriya, Nigeria, Norway, Philippines, Poland, Saudi Arabia, Switzerland, Thailand, Tunisia, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Zambia.

4. The following 37 members of UNIDO also attended the session:

Argentina, Austria, Belgium, Bulgaria, Canada, Chile, China, Costa Rica, Cuba, Denmark, Ecuador, Egypt, Finland, Hungary, Indonesia, Ireland, Lebanon, Luxembourg, Malaysia, Mexico, Morocco, Netherlands, Oman, Pakistan, Panama, Peru, Portugal, Spain, Sudan, Sweden, Turkey, Ukrainian Soviet Socialist Republic, United Arab Emirates, Uruguay, Viet Nam, Yemen, Zaire.

5. Vice-Chairman J. Tabajara de Oliveira (Brazil), who had left Vienna, was succeeded in that function by A. C. de Oliveira Tavares (Brazil).

6. The report contains the conclusion reached by the Committee. Statements made in connection with the adoption of that conclusion by delegations wishing to go on record are reflected in annex I to the present report. Annex II contains a list of documents submitted to the Committee at its current resumed session.

7. The conclusion adopted by the Committee as reported below is brought to the attention of the Board at its eighth session.

I. PROGRAMME AND BUDGETS, 1992-1993

8. The Committee considered the revised proposals of the Director-General for the programme and budgets, 1992-1993 (PBC.7/10/Rev.1), an addendum thereto containing additional information concerning electronic data-processing requirements (PBC.7/10/Rev.1/Add.1), and a conference room paper containing the draft final report of the consultants on the strategic automation project (PBC.7/CRP.13 and Add.1), as well as a note by the Director-General with scale of assessments for the fiscal period 1992-1993 calculated on the basis of the current membership of the Organization (PBC.7/6/Add.1).

9. After consideration of a draft conclusion on the programme and budgets, 1992-1993 submitted by the Chairman (PBC.7/L.13) the Committee adopted conclusion 1991/15.

Conclusion 1991/15

The Programme and Budget Committee:

- (a) Decided that it was unable at its present resumed session to recommend to the Industrial Development Board the adoption of the budget contained in documents PBC.7/10/Rev.1 and Add.1;
- (b) Further decided to resume again its seventh session on 23 August 1991 for the purpose of recommending to the Board the programme and budgets, 1992-1993, taking into account the comments and views expressed during the current session.

II. ADOPTION OF THE REPORT AND SUSPENSION OF THE SEVENTH SESSION

10. The Committee decided to entrust the Rapporteur with the preparation and finalization of the report of the resumed seventh session of 27 June 1991.

11. On 27 June at 8.30 p.m. in accordance with the above conclusion the seventh session was again suspended to be resumed on 23 August 1991.

Annex I

STATEMENTS BY DELEGATIONS

1. The present annex contains statements delivered by delegations in connection with the adoption of conclusion 1991/15 at the request of the delegations concerned and as agreed to by the Chairman.
2. The representative of Venezuela, supported by the representative of Brazil, requested that the position of the Latin American and Caribbean Group, as previously stated by the representative of Bolivia, be reflected in the report, bearing in mind that the Group had joined the consensus on the understanding that the Director-General would submit a revised version of the programme and budget proposals.
3. The representative of Bolivia, speaking on behalf of the Latin American and Caribbean Group, had stated that the Director-General had calculated a biennial growth rate for the 1992-1993 biennium of 8.22 per cent due to anticipated inflation. The Group considered that a budget based on the proposed inflation rate (8.22 per cent) in the assessed contributions for 1990-1991 could be acceptable, as long as 1990-1991 prices were not modified in real terms, in accordance with conclusion 1990/10 paragraph (d)(i). Thus the Director-General should base his regular budget of expenditures for 1992-1993 bearing in mind that \$170 million was the maximum amount of income from assessed contributions which would be covered by Member States. This was a fixed amount which was not susceptible to accounting manipulations.
4. If the Director-General calculated total expenditures which were greater than revenues, there were two alternatives: either expenditures were reduced to equal expected revenues or the difference was presented for the consideration of the policy-making bodies of UNIDO as a deficit. Without mentioning other components of the proposed budget, including the invalidity of the additional inflation rate used in the budgetary calculations, this deficit was primarily due to the expected cost of the electronic data-processing (EDP), the consequence of an operation which had not been authorized by the policy-making bodies of UNIDO. In fact, before incorporating the budget estimates in the proposal to be submitted eventually to the General Conference for approval, it was necessary to obtain clear guidelines on the EDP matter by the Industrial Development Board.
5. Notwithstanding the restrictions set by the Board (IDB.7/Dec.26 (g)) and the Programme and Budget Committee (conclusion 1991/13 (i)) concerning expenditures on EDP, the Director-General had included in his proposals (PBC.7/10/Rev.1, para. 116) the amount of \$5,765,200 from the regular budget and \$1,251,200 from the operational budget for EDP expenditures in 1990-1991 and an expenditure of \$12,687,200 for 1992-1993, of which \$5.8 million would be charged to the operational budget. This excluded the additional expenditure that would have arisen from the consultants' conclusions (*ibid.* explanatory note, para. 13). In the revised budget estimates, the amount of contributions under the regular budget was to be increased by \$7,807,400 to account for inflation in 1991, bringing the expected contributions for 1992-1993 to \$21,330,300 more than the amount fixed for the current biennium. Consequently, in addition to the impediments indicated, the Group would not approve the budget allocated to EDP, since it was the fundamental cause of the budget deficit.

6. The representative of the United Kingdom of Great Britain and Northern Ireland stated that not everyone agreed with the observations of the Bolivian representative, and he did not want to see that statement as the sole opinion reflected in the report, since it would not give the sense of the meeting.
7. The representative of the United States of America said that he regretted that the Programme and Budget Committee was unable to approve the revised programme and budgets for the 1992-1993 biennium as contained in document PBC.7/10/Rev.1 and reiterated the view that the current resumed session had had sufficient basis to come to a conclusion. The representative acknowledged the steps taken by UNIDO to reduce the budget in accordance with Programme and Budget Committee conclusion 1991/6, and while urging further possible reductions, asserted the delegation could support the revised proposal for the 1992-1993 budget as presented in PBC.7/10/Rev.1.
8. In the view of the delegation, the recommendations contained in the draft final report prepared by the consultants on the computerization programme (PBC.7/CRP.13) had provided the Committee with the best basis on which to move forward on that issue. In that connection, the delegation supported the Secretariat's proposals regarding a revised electronic data-processing programme as contained in document PBC.7/10/Rev.1/Add.1, which offered improved efficiency and cost containment within a clearly defined estimate.
9. However, reluctantly, it was prepared to join the consensus and adopt the conclusion calling for a further resumed seventh session only on the basis of the text submitted by the Chairman of the Committee and without any other conditions.

Annex II

LIST OF DOCUMENTS SUBMITTED TO THE RESUMED SEVENTH SESSION

<u>Symbol</u>	<u>Agenda item</u>	<u>Title</u>
PBC.7/6/Add.1	10	Programme and budgets, 1992-1993. Scale of assessments for the fiscal period 1992-1993. Note by the Director-General. Addendum
PBC.7/10/Rev.1	10	Programme and budgets, 1992-1993. Revised proposals of the Director-General
PBC.7/10/Rev.1/Add.1	10	Additional information concerning electronic data-processing requirements. Submitted by the Director-General
		* * *
PBC.7/CRP.13 and Add.1	10	Computerization programme of UNIDO. Strategic automation project - Draft final report. Submitted by Touche Ross Management Consultants